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ERDA - MR. CURTIS (SUBS)

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FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI PRIORITY

AMCONSUL BOMBAY PRIORITY

C O N F I D E N T I A L STATE 248546

STADIS//////////

E.O. 11652: GDS

TAGS: TECH, IN

SUBJECT: DISCUSSIONS ON TARAPUR WITH INDIAN AEC CHAIRMAN

1. DEPARTMENT AND ERDA REPRESENTATIVES MET WITH VOMI SETHNA SEPTEMBER 28-29 TO CONTINUE INFORMAL DISCUSSIONS INITIATED DURING MYRON KRATZER'S VISIT TO INDIA IN AUGUST. MEA SECRETARY VELLODI ATTENDED MORNING SESSION SEPTEMBER 28.

2. THIS SESSION OPENED WITH KRATZER BRIEFLY RECOUNTING THE HISTORY OF THE PROBLEM, STRESSING THAT THE U.S. HAD NOT YET MADE A DECISION THAT RETURN OF THE SPENT FUEL WAS THE ONLY OPTION TO BE FOLLOWED TO PERMIT CONTINUED SUPPLY OF FUEL FOR TARAPUR. HOWEVER, USG, IN RESPONSE TO THE NRC, WAS EXPLORING THIS POSSIBILITY AND WOULD REPORT ON THE PROGRESS OF SUCH EXPLORATION. KRATZER NOTED THAT WHILE NO USG DECISION HAD BEEN TAKEN ON THE BUYBACK, IT WAS CLEAR THAT A SATISFACTORY ARRANGEMENT TO IMPLEMENT THIS WOULD HAVE A
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POSITIVE EFFECT ON THE U.S. LICENSING PROCESS.

3. SETHNA RESPONDED THAT THE GOI HAD A SPENT FUEL STORAGE PROBLEM AND WOULD BE HAPPY TO RETURN SPENT TARAPUR FUEL TO THE U.S. HE WENT ON TO SAY THAT THE PROPOSED SPENT FUEL RETURN WOULD BE TECHNICALLY DIFFICULT AND EXPENSIVE, BUT THAT INDIA WOULD DO ITS PART TO FACILITATE SUCH RETURN.

HOWEVER, THE GOI COULD NOT SPEND MORE MONEY TO ACCOMPLISH THIS THAN IT WOULD OTHERWISE SPEND IN STORING AND/OR RE-PROCESSING THE MATERIAL IN INDIA.

4. KRATZER SAID IN BOMBAY THE INDIANS HAD SUGGESTED THE POSSIBLE RETENTION IN INDIA OF SMALL AMOUNT OF FUEL TO BE REPROCESSED AND USED FOR EXPERIMENTAL PURPOSES. HE HAD REVIEWED THIS QUESTION IN WASHINGTON AND THE CONCLUSION WAS THAT THIS WOULD POSE SERIOUS PROBLEMS FOR THE U.S. SIDE. IT WOULD BE DIFFICULT FOR US TO AGREE TO THE REPROCESSING OF ANY TARAPUR SPENT FUEL IN INDIA, HE STRESSED.

5. VELLODI THEN INTERJECTED TO SAY THAT IT WOULD BE DIFFICULT FOR THE GOI TO AGREE TO GIVE UP ITS RIGHT TO RETAIN SOME SMALL QUANTITY FOR EXPERIMENTAL WORK ON PU RECYCLE. HE POINTED OUT THAT RETENTION OF PLUTONIUM FOR SUCH A PURPOSE WAS CONTEMPLATED UNDER THE TERMS OF THE U.S./INDIA AGREEMENT FOR COOPERATION. KRATZER AGREED THAT THIS WAS SO, BUT STRESSED INDIAN RETENTION OF EVEN A SMALL AMOUNT OF TAPS FUEL IN INDIA FOR THIS PURPOSE WOULD REQUIRE A U.S. DETERMINATION THAT REPROCESSING PLANTS COULD BE ADEQUATELY SAFEGUARDED, WHICH WE HAVE NEVER DONE. RAISING THIS HIGHLY CONTROVERSIAL ISSUE WOULD SUBSTANTIALLY REDUCE THE POSITIVE IMPACT FROM THE BUYBACK PROPOSAL. FURTHER, SUCH ACTION MIGHT BE LEGALLY PRECLUDED IF PENDING LEGISLATION ("ZABLOCKI AMENDMENT") WERE ENACTED. SETHNA THEN SUGGESTED THAT SOME FORM OF "ENABLING CLAUSE" IN ANY RETURN AGREEMENT MIGHT SATISFY INDIAN NEEDS; THE U.S. SIDE TOOK NOTE OF THIS SUGGESTION.

6. REMAINDER OF DISCUSSION SEPTEMBER 28 TURNED TO (A) THE COMPLEX TECHNICAL PROBLEMS WHICH HAVE TO BE SOLVED IN ORDER TO FACILITATE THE FUEL RETURN AND (B) QUESTION OF COSTS.
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SETHNA DISCUSSED THE SEVERE PROBLEMS THAT WOULD BE ENCOUNTERED IN TRANSPORTING THE SPENT FUEL TO THE PORT OF BOMBAY, IN OBTAINING SUFFICIENTLY LARGE CRANES TO HANDLE CASKS WEIGHING MORE THAN 70 TONS, AND IN SECURING OCEAN TRANSPORT. SETHNA INDICATED THAT THERE WERE ONLY FOUR INDIAN SHIPS THAT COULD HANDLE SPENT FUEL (AS DECK CARGO) AND THAT SINCE THESE WERE PRIVATELY OWNED, IT WAS UNCLEAR HOW MUCH THE GOI COULD INFLUENCE THEIR WILLINGNESS TO

HANDLE SPENT FUEL. IN ANY CASE, SETHNA WAS OF THE OPINION THAT IT WOULD BE NECESSARY FOR EITHER INDIAN OR AMERICAN SHIPS TO TRANSIT THE SUEZ CANAL, WHICH MIGHT BE DIFFICULT TO ARRANGE. IT WAS AGREED THAT BOTH SIDES WOULD FOLLOW UP TO CLARIFY THE TECHNICAL QUESTIONS REGARDING SHIPMENT OF THE SPENT FUEL.

7. A U.S.-PREPARED THREE-PAGE SUMMARY OF ESTIMATED COSTS

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ASSOCIATED WITH THE POSSIBLE RETURN SERVED AS BASIS FOR GENERAL DISCUSSION ON COSTS. THE QUESTION OF WHO WOULD PAY FOR WHAT WAS NOT DIRECTLY ADDRESSED, HOWEVER, KRATZER CITING THE TARAPUR FUEL CONTRACT SAID ONE WAY WOULD BE TO LOOK AT THE ARRANGEMENT AS A REPROCESSING SERVICE FOR INDIA BY THE U.S. UNDER THIS INDIA WOULD BE RESPONSIBLE ESSENTIALLY FOR CIF TO THE U.S. STORAGE FACILITY. SETHNA SAID HE WOULD BE WILLING TO BEAR ALL COSTS IN INDIA, BUT WOULD NOT BE ABLE TO ACCEPT ARRANGEMENT THAT WOULD "SUBSIDIZE" U.S. OPERATIONS. HE THOUGHT HE COULD SELL AN ARRANGEMENT UNDER WHICH INDIA BORE THE COSTS FOR BOMBAY BUT NO MORE. SETHNA SAID HE WOULD NEED TIME TO CONSIDER U.S. FIGURES BUT THOUGHT INDIAN NUMBERS FOR CANNING, STORAGE, HANDLING, AND REPROCESSING THE TAPS FUEL IN INDIAN FACILITIES WOULD BE SUBSTANTIALLY BELOW THOSE INDICATED IN THE U.S. PAPER. KRATZER SAID THESE WERE ONLY INITIAL FIGURES AND WOULD DOUBTLESS BE REFINED FURTHER AS WE WORKED OUT THE DETAILS MORE PRECISELY.

8. THE SEPTEMBER 28 SESSION ENDED WITH AGREEMENT THAT BOTH SIDES WOULD CONTINUE EFFORTS TO WORK TOWARDS A BETTER UNDERSTANDING AND SOLUTION TO THE MANY TECHNICAL, FINANCIAL AND ADMINISTRATIVE PROBLEMS IDENTIFIED. IN ADDITION TO
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EXCHANGING ADDITIONAL INFORMATION ON CASK DESIGN, FUEL CANNING, CASK HANDLING, CRANE CAPACITIES, ETC., IT WAS AGREED THAT THE U.S. WOULD ARRANGE TO SEND ONE OR MORE EXPERTS ON TRANSPORTATION AND SHIPPING CASK HANDLING TO INDIA AT AN EARLY DATE IF AFTER EXAMINATION OF THE ADDITIONAL INFORMATION EXCHANGED, FIRST-HAND INVESTIGATION IS NECESSARY.

9. BRIEF SEPTEMBER 29 DISCUSSION WITH SETHNA FOCUSED ON PROBLEM RELATING TO U.S.-ORIGIN HEAVY WATER IN RAPP I REACTOR AND IN CIRUS REACTOR. ON RAPP, SETHNA SAID INDIA WAS PREPARED TO MAINTAIN FULL IAEA SAFEGUARDS EVEN THOUGH IT WAS NOT REQUIRED TO DO SO. HE EXPRESSED PERSONAL HOPE THAT CANADA AND IAEA DID NOT HANDLE THE PROBLEM IN MANNER THAT APPEARED TO PLACE INDIA IN CORNER. THIS WOULD ONLY CAUSE DIFFICULTIES IN HIS EFFORTS TO STRAIGHTEN OUT PROB-

LEM. (SETHNA MADE NO MENTION OF ARRANGEMENTS FOR IAEA SAFEGUARDS ON SOVIET-SUPPLIED HEAVY WATER FOR RAPP II, ABOUT WHICH WE LEARNED AT RIO AND WE DID NOT RAISE THIS SUBJECT.) KRATZER INDICATED WITHOUT REFERENCE TO RIO DISCUSSIONS THAT RAPP I HEAVY WATER PROBLEM APPEARED FOR TIME BEING AT LEAST TO BE LESS OF PROBLEM THAN PREVIOUSLY.

10. ON CIRUS, KRATZER RECALLED SUGGESTION HE MADE IN BOMBAY ABOUT POSSIBLE RETURN OF 21 TONS OF U.S. SUPPLIED HEAVY WATER TO US IF WE AND INDIA WERE UNABLE TO REACH

MEETING OF THE MINDS ON MEANING OF "PEACEFUL USES." NOTING OUR PAST DISAGREEMENT ABOUT THIS TERM, KRATZER AND SETHNA AGREED THAT THIS WAS HIGHLY UNLIKELY. SETHNA SAID HE HAD BEEN THINKING ABOUT AN ALTERNATE WAY OF RESOLVING PROBLEM. THIS WOULD BE TO SEND HEAVY WATER IN CIRUS TO RAPP WHERE IT WOULD BE PLACED UNDER FULL SAFEGUARDS INCLUDING NO PNE PLEDGE, AND TO SUBSTITUTE INDIAN ORIGIN HEAVY WATER AT CIRUS. KRATZER MADE NO COMMENT ON SETHNA'S IDEA.

11. IT WAS LEFT THAT SETHNA WOULD BE BACK IN TOUCH WITH US ABOUT THESE MATTERS, AND OTHER ISSUES THROUGH CONSUL GENERAL COURTNEY WHO PARTICIPATED IN SEPTEMBER 28 (BUT NOT SEPTEMBER 29) SESSION.
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12. COMMENT: ATMOSPHERE THROUGHOUT SESSION WAS BUSINESS-LIKE AND FRIENDLY. SETHNA WAS OPEN AND FORTHCOMING AND CONVEYED THE IMPRESSION THAT HE WAS INTERESTED IN RESOLVING THE PROBLEM IN A MANNER AGREEABLE TO THE U.S. AT THE SAME TIME, HE MADE CLEAR THAT HE WOULD HAVE TO SELL THIS TO OTHERS IN THE GOVERNMENT OF INDIA. ROBINSON

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